

SCHEDULES

SCHEDULE 58

Section 110

RECOVERY OF DEBTS UNDER PAYE REGULATIONS

PAYE regulations

- 1 Section 684 of ITEPA 2003 (PAYE regulations) is amended as follows.
- 2 In subsection (1), omit “for Her Majesty’s Revenue and Customs”.
- 3 (1) Subsection (2) is amended as follows.
 - (2) For “PAYE regulations may, in particular, include” substitute “The provision that may be made in PAYE regulations includes”.
 - (3) In the list of provisions, in item 1, in paragraph (a), omit “for Her Majesty’s Revenue and Customs”.
 - (4) In item 2, for “or remaining unpaid (or treated as overpaid or remaining unpaid)” substitute “(or treated as overpaid) on account of, or any amounts other than relevant debts remaining unpaid (or treated as remaining unpaid)”.
 - (5) After item 2 insert—
 - Provision—
 - (a) for deductions to be made in respect of relevant debts of a payee,
 - (b) as to the circumstances in which such deductions may be made, and
 - (c) where such deductions are made, as to the date on which the relevant debts are to be treated as paid.”
 - (6) In item 3, for “income tax has been and is” substitute “amounts have been and are”.
- 4 After subsection (3) insert—
 - “(3A) PAYE regulations under item 2A in the above list may not make provision enabling deductions totalling more than £2,000 to be made from a payee’s income for a tax year without the payee’s consent.
 - (3B) The Treasury may by order amend the amount specified in subsection (3A).”
- 5 In paragraph (a) of subsection (7A), after “tax” insert “or other amounts”.
- 6 After that subsection insert—
 - “(7AA) In this section “relevant debt”, in relation to a payee, means—
 - (a) a sum payable by the payee to the Commissioners under or by virtue of an enactment, other than an excluded debt, and
 - (b) a sum payable by the payee to the Commissioners under a contract settlement.
 - (7AB) For the purposes of subsection (7AA)—

Status: This is the original version (as it was originally enacted).

- (a) child tax credit or working tax credit that the payee is liable to repay is an excluded debt, and
- (b) if the payee is an employer, any amount that the payee is required to deduct from the PAYE income of employees for a tax year is an excluded debt until the tax year has ended.”

7 In subsection (7C), before the definition of “payer” insert—

““the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs;

“contract settlement” means an agreement made in connection with the liability of the payee or another person to make a payment to the Commissioners under or by virtue of an enactment.”

Consequential provision

8 In section 29(5) of the Tax Credits Act 2002 (recovery of overpayments)—

- (a) for “tax” substitute “income tax”, and
- (b) insert at the end “that is not a relevant debt (within the meaning of section 684 of the Income Tax (Earnings and Pensions) Act 2003)”.

9 (1) Part 11 of ITEPA 2003 (pay as you earn) is amended as follows.

(2) In section 682(1) (scope of Part), insert at the end “and includes provision in respect of the deduction of certain other amounts from, and the repayment of certain other amounts with, PAYE income”.

(3) In section 685 (tax tables)—

- (a) in subsection (1), omit “for Her Majesty’s Revenue and Customs”, and
- (b) in subsection (2)(b), for “or 2” substitute “, 2 or 2A”.

10 (1) The Treasury may by order make provision—

- (a) amending or repealing provisions of Part 11 of ITEPA 2003,
- (b) amending, repealing or revoking provisions of enactments or instruments that refer to provisions of that Part, and
- (c) amending, repealing or revoking provisions of enactments or instruments that apply, or confer power to apply, PAYE regulations or otherwise refer to such regulations.

(2) An order under this paragraph may only make provision to the extent that it is appropriate in consequence of, or in connection with, the amendments made by this Schedule.

(3) An order under this paragraph may include transitional provision and savings.

(4) An order under this paragraph is to be made by statutory instrument.

(5) A statutory instrument containing an order under this paragraph is subject to annulment in pursuance of a resolution of the House of Commons.